

## Message Text

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PAGE 01 STATE 086284  
ORIGIN EUR-12

INFO OCT-01 ISO-00 SP-02 USIA-06 AID-05 EB-08 NSC-05  
TRSE-00 SS-15 STR-04 OMB-01 CEA-01 CIAE-00  
COME-00 FRB-03 INR-07 NSAE-00 XMB-02 OPIC-03  
LAB-04 SIL-01 AGRE-00 DODE-00 PA-01 PRS-01 H-01  
L-03 /086 R

DRAFTED BY EUR/SE:RCEWING:EPB  
APPROVED BY EUR:AAHARTMAN  
EB/FD/ODF:TPARKER  
TREASURY:PDREXLER (SUBS)  
EUR/SE:NCLEDSKY  
EUR/RPE:VPMC CLEAN

-----162105Z 112206 /61

R 161838Z APR 77  
FM SECSTATE WASHDC  
TO AMEMBASSY ANKARA  
INFO AMCONSUL ISTANBUL

C O N F I D E N T I A L STATE 086284

E.O. 11652: GDS

TAGS: EFIN, TU

SUBJECT: TURKISH EXTERNAL FINANCIAL NEEDS

REF: (A) STATE 22779 (B) ANKARA 2772

1. FORMER SENATOR (AND AMBASSADOR) JOHN SHERMAN COOPER,  
FORMER TREASURY UNDER SECRETARY EDWIN S. COHEN, AND DANIEL  
M. GRIBBON(COVINGTON & BURLING LAW FIRM)ON BEHALF OF INVEST-  
MENT BANKING FIRM BACHE HALSEY STUART MET WITH ASSISTANT  
SECRETARY HARTMAN APRIL 15 TO FOLLOWUP ON CONVERSATIONS  
BETWEEN BACHE REPRESENTATIVEBENSINGER (REFTEL A) AND PRIME  
MINISTER DEMIREL, FINANCE MINISTER ERGENEKON, AND CENTRAL  
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BANK GOVERNOR SADIKLAR RE LOAN TO TURKISH DEVELOPMENT BANK  
OF NOT LESS THAN \$300 MILLION. PROPOSED TEN-YEAR LOAN  
WOULD BE OFFERED IN NEW YORK, WOULD BE BACKED BY GOT  
GUARANTEE, AND WOULD BE USED FOR CONSTRUCTION OF VARIOUS  
COMMUNICATIONS AND TRANSPORTATION FACILITIES.

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TENSIVEEXTERNAL BORROWING,PARTICULARLY SHORT TERM AT HIGH INTEREST RATESAND REALLOCATION OF DEVELOPMENT FUNDS TO PURCHASE MILITARY GOODS, TURKEY HAD PRETTY WELL EXHAUSTED WHAT COULD BE OBTAINED FROM EXTERNAL PRIVATE BANK SOURCES.

3. COOPER AND GRIBBON SAID THAT BACHE HAD CONCLUDED THAT SOME FORM OF USG GUARANTEE WOULD BE NECESSARY TO PLACE LOAN. DETAILED DESCRIPTION OF PROJECTS TO BE FINANCED WOULD BE PROVIDED AS WOULD SAFEGUARDS TO PROTECT AGAINST USE OF FUNDS FOR MILITARY OR NON-PRODUCTIVE CIVILIAN USES. THEY THOUGHT SUCH GUARANTEE WOULD ALSO BE SIGN OF US INTEREST IN RETAINING CLOSE RELATIONS WITH TURKEY IN CURRENT PERIOD.

4. IN RESPONSE HARTMAN QUESTION, COVINGTON & BURLING REPS SAID THEY DID NOT KNOW WHETHER IDEA OF USG GUARANTEE ORIGINATED WITH BACHE OR WITH GOT, BUT THEY UNDERSTOOD IT HAD BEEN DISCUSSED WITH TURKS. THEY INDICATED THAT THEY UNDERSTOOD TURKISH EMBASSY IN WASHINGTON HAD NOT BEEN INFORMED OF THESE DISCUSSIONS. FINANCE MINISTER ERGENEKON WILL VISIT WASHINGTON WEEK OF APRIL 25 FOR IMF MEETING AND WOULD THEN BE ABLE DISCUSS POSSIBILITIES FURTHER. GRIBBON THOUGHT PUBLIC ANNOUNCEMENT OF GUARANTEE BEFORE JUNE 5 ELECTION WITH INDICATION THAT DETAILS WOULD BE WORKED OUT LATER WAS OBJECTIVE.

5. HARTMAN REPLIED THAT WE WERE CERTAINLY AWARE OF ECONOMIC PROBLEMS OF TURKEY AS RESULT OF RECESSION IN EUROPE, INABILITY OF GOVERNMENT IN PRE-ELECTION PERIOD TO CONFIDENTIAL

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TAKE UNPOPULAR ECONOMIC POLICY DECISIONS, ETC. WE ALSO WERE AWARE THATTURKISHBANKS AND INSTITUTIONS WERE SEEK-ING NEW EXTERNAL SOURCES OF FUNDS. BUT HARTMAN SAID HE HAD NEVER HEARD OF USG GUARANTEE IDEA AND COULD NOT CONCEIVE HOW SUCH A MECHANISM WOULD WORK. IN ANY EVENT, OUR NORMAL PRACTICE IN SITUATIONS SUCH AS TURKEY WAS IN WAS TO REFER COUNTRY TO IMF WHICH MIGHT BE ABLE PUT TO-GETHER PROGRAM COMBINED WITH CONDITIONS RELATING TO GOVERNMENT EXPENDITURE, TAX POLICIES, INVESTMENT PROGRAMS, ETC. ANY EXCEPTIONAL PROGRAM WOULD CERTAINLY HAVE TO BE SUBMITTED TO CONGRESS WHICH WAS MOST UNLIKELY TO CONCUR. IN SHORT, HARTMAN WAS EXTREMELY SKEPTICAL RE IDEA BUT SAID DEPARTMENT WOULD CHECK WITH TREASURY BEFORE RESPOND-ING TO COOPER, ET.AL.

6. AS FAR AS WE KNOW AT THIS TIME NO APPROACH HAS BEEN MADE BY TURKS FOR ERGENEKON TO HAVE MEETINGWHILE IN WASHINGTON. AS INDICATED ABOVE, WE ARE VERY DUBIOUS RE SCHEME BUT WOULD WELCOME YOUR VIEWS.

CHRISTOPHER

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PAGE 01 STATE 086284  
ORIGIN EUR-04

INFO OCT-01 ISO-00 /005 R

66011  
DRAFTED BY:EUR:RPE:PMCLean  
APPROVED BY:EUR:RPE:EACASEY  
-----260925Z 121341 /21  
R 260034Z APR 77  
FM SECSTATE WASHDC  
TO USMISSION OECD PARIS

C O N F I D E N T I A L STATE 086284

FOLLOWING TELEGRAM FROM SECSTATE WASHDC DATED APRIL 16, 1977  
SENT EC BRUSSELS IS REPEATED TO YOU: QUOTE

C O N F I D E N T I A L STATE 086284

FOLLOWING REPEAT STATE 86284 ACTION ANKARA INFO ISTANBUL  
APR 16, 1977

QTE C O N F I D E N T I A L STATE 086284

E.O. 11652: GDS

TAGS: EFIN, TU

SUBJECT: TURKISH EXTERNAL FINANCIAL NEEDS

REF: (A) STATE 22779 (B) ANKARA 2772

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BETWEEN BACHE REPRESENTATIVEBENSINGER (REFTEL A) AND PRIME MINISTER DEMIREL, FINANCE MINISTER ERGENEKON, AND CENTRAL BANK GOVERNOR SADIKLAR RE LOAN TO TURKISH DEVELOPMENT BANK OF NOT LESS THAN \$300 MILLION. PROPOSED TEN-YEAR LOAN WOULD BE OFFERED IN NEW YORK, WOULD BE BACKED BY GOT GUARANTEE, AND WOULD BE USED FO CONSTRUCTION OF VARIOUS COMMUNICATIONS AND TRANSPORTATION FACILITIES.

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UNQTE VANCE UNQUOTE VANCE

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INFO OCT-01 ISO-00 /013 R

66011  
DRAFTED BY: EUR/RPE:PMC CLEAN:CC  
APPROVED BY: EUR/RPE:EACASEY  
-----220317Z 054889 /61

R 212305Z APR 77  
FM SECSTATE WASHDC  
TO USMISSION EC BRUSSELS

C O N F I D E N T I A L STATE 086284

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## Message Attributes

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**Copy:** SINGLE  
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**Disposition Date:** 22 May 2009  
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**Subject:** TURKISH EXTERNAL FINANCIAL NEEDS  
**TAGS:** EFIN, TU, US  
**To:** ANKARA  
**Type:** TE  
**vdkgvwkey:** odb://SAS/SAS.dbo.SAS\_Docs/6bd3cba3-c288-dd11-92da-001cc4696bcc  
**Review Markings:**  
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